

Combined Utility System Fund
For the period ended June 30, 2005
(amounts expressed in thousands)

	FY2005					
	FY2004 Actual	Adopted Budget	Current Budget	YTD	Controller's Projection	F&A Projection
Operating Revenues						
Water Sales	\$ 265,272	\$ 311,068	\$ 311,068	\$ 299,797	\$ 304,982	\$ 304,982
Sewer Sales	257,224	299,253	299,253	284,206	289,510	289,510
Penalties	4,150	3,741	3,741	4,605	4,605	4,605
Other	4,562	4,360	4,360	4,636	4,636	4,636
Total Operating Revenues	<u>531,208</u>	<u>618,422</u>	<u>618,422</u>	<u>593,244</u>	<u>603,733</u>	<u>603,733</u>
Operating Expenses						
Personnel	124,054	122,241	122,002	115,210	115,000	115,000
Supplies	23,141	26,007	30,665	28,613	29,500	29,500
Electricity and Gas	35,200	47,169	49,528	48,575	49,800	49,800
Contracts & Other Payments	84,323	92,013	88,544	74,267	76,700	76,700
Total Operating Expenses	<u>266,718</u>	<u>287,430</u>	<u>290,739</u>	<u>266,665</u>	<u>271,000</u>	<u>271,000</u>
Operating Income (Loss)	<u>264,490</u>	<u>330,992</u>	<u>327,683</u>	<u>326,579</u>	<u>332,733</u>	<u>332,733</u>
Nonoperating Revenues (Expenses)						
Interest Income	6,889	5,161	5,161	10,583	10,583	10,583
Sale of Property, Mains and Scrap	664	508	508	1,048	1,048	1,048
Other	9,934	7,863	7,863	6,591	6,591	6,591
Other Financing Sources - Pension Bonds	0	0	0	3,308	3,308	3,308
Gain on escrow restructure	0	0	0	31,838	31,838	31,838
Gross Revenue Contrib. from Water Auth.	60,687 *	0	0	0	0	0
Impact Fees	15,580	14,000	14,000	15,497	15,497	15,497
HAWC	(6,391)	(4,608)	(4,608)	(1,677)	(1,677)	(1,677)
CWA & TRA Contracts (P & I)	<u>(31,454)</u>	<u>(32,317)</u>	<u>(32,317)</u>	<u>(31,546)</u>	<u>(31,546)</u>	<u>(31,546)</u>
Total Nonoperating Rev (Exp)	<u>55,909</u>	<u>(9,393)</u>	<u>(9,393)</u>	<u>35,642</u>	<u>35,642</u>	<u>35,642</u>
Income (Loss) Before Operating Transfers	<u>320,399</u>	<u>321,599</u>	<u>318,290</u>	<u>362,221</u>	<u>368,375</u>	<u>368,375</u>
Operating Transfers						
Debt Service Principal	67,492	12,675	12,675	12,690	12,690	12,690
Debt Service Interest	154,238	179,902	179,902	175,106	175,581	175,581
Discretionary Debt	29,572	28,934	28,934	27,822	27,822	27,822
Other Contractual Obligations	0	474	474	0	0	0
Equipment Acquisition	8,145	17,862	17,862	7,597	12,101	12,101
CUS General Purpose Fund	46,752	49,752	46,443	0	110,181	110,181
Transfer to General Fund	4,100	2,000	2,000	0	0	0
Transfer to Combined Utility System	0	0	0	0	0	0
Transfer to Stormwater	10,100	30,000	30,000	30,000	30,000	30,000
Total Operating Transfers	<u>320,399</u>	<u>321,599</u>	<u>318,290</u>	<u>253,215</u>	<u>368,375</u>	<u>368,375</u>
Net Current Activity						
Operating Fund Only	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 109,006</u>	<u>\$ 0</u>	<u>\$ 0</u>

*Note: For CAFR purposes, this amount is treated as deferred revenues and is presented here to make it more comparable to the budgetary accounting basis used in the MFOR.

About the Fund:

The Combined Utility System Fund is an enterprise fund which accounts for operation of the City's water and wastewater facilities. The fund provides for the operation of the City's treated and untreated water, as well as, receive and process wastewater generated in a service area that includes the City, certain municipalities and unincorporated communities in the Houston metropolitan area. Some of the City's largest customers are other cities and water authorities which supply water to their own customers.